



[BILLING CODE 6760-01-P]

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

5 CFR Parts 1650 and 1651

Additional Withdrawal Options

AGENCY: Federal Retirement Thrift Investment Board.

ACTION: Proposed Rule.

SUMMARY: The Federal Retirement Thrift Investment Board ("FRTIB") is proposing to amend its regulations to provide TSP participants with additional withdrawal options and flexibility, effective September 15, 2019.

DATES: Comments must be received on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may send comments, identified by Docket ID number FRTIB-2019-0003, by any of the following methods:

- Federal eRulemaking Portal:
<http://www.regulations.gov>. Follow the instructions for submitting comments.
- Fax: (202) 942-1676.
- Mail or Hand Deliver/Courier: Office of General Counsel, Attn: Megan G. Grumbine, Federal Retirement Thrift Investment Board, 77 K Street NE, Suite 1000, Washington, DC 20002.

FOR FURTHER INFORMATION CONTACT: Austen Townsend, (202) 864-8647.

SUPPLEMENTARY INFORMATION: The FRTIB administers the Thrift Savings Plan (TSP), which was established by the Federal Employees' Retirement System Act of 1986 (FERSA), Public Law 99-335, 100 Stat. 514. The TSP provisions of FERSA are codified, as amended, largely at 5 U.S.C. 8351 and 8401-79. The TSP is a tax-deferred retirement savings plan for federal civilian employees and members of the uniformed services. The TSP is similar to cash or deferred arrangements established for private-sector employees under section 401(k) of the Internal Revenue Code (26 U.S.C. 401(k)).

On November 17, 2017, the President signed the TSP Modernization Act of 2017 (the "Act"), Public Law 115-84 (131 Stat. 1272). The Act permits the TSP to offer participants additional withdrawal options and flexibility and eliminates the requirement that a TSP participant who has reached age 70½ and is separated from federal service make a full withdrawal election with respect to his or her TSP account. Although the Act does not require that implementation of these changes become effective until

November 17, 2019, the FRTIB is proposing an effective date of September 15, 2019.

The FRTIB recognizes the importance of providing TSP participants with more flexibility to access the money in their accounts when they need it. Equally important is the need to ensure that participants have the money they need to provide sufficient income during retirement. When proposing the changes herein, the FRTIB was mindful to balance these potentially competing interests.

Post-Separation Withdrawals

Unlimited Partial Post-Separation Withdrawals

Currently, a TSP participant is limited to one partial post-separation withdrawal per account, unless he or she previously took an age-based, in-service withdrawal from that account. A participant who has previously taken an age-based, in-service withdrawal may not take a partial post-separation withdrawal.

As required by the Act, the FRTIB is proposing to eliminate the restriction on partial post-separation withdrawals for participants who have taken age-based, in-service withdrawals. Further, in light of the elimination of the full withdrawal requirement discussed in more detail

below, the FRTIB proposes to allow all separated participants to take as many partial post-separation withdrawals as desired. In order to avoid inadvertently processing duplicate withdrawal requests, the only limitation on this flexibility is that only one post-separation withdrawal request will be processed during any 30-calendar-day period. A TSP participant with more than one account must make separate post-separation withdrawal requests for each account and the 30-calendar-day period will apply separately to each account.

A participant will be able to elect to receive any partial post-separation withdrawal in the form of a single sum payment, installment payments, a life annuity, or any combination of these options. However, a participant may only have one installment payment series in place per account at any given time.

Additional Installment Payment Options

Currently, a separated TSP participant may elect to receive all or a portion of his or her account balance in the form of fixed dollar monthly payments or monthly payments calculated based on life expectancy. TSP participants are permitted to change the amount of monthly

payments (including a one-time election to change from monthly payments calculated based on life expectancy to fixed dollar monthly payments) during an annual open season between October 1 and December 15.

The FRTIB proposes to make the following changes to its existing installment payment options. First, TSP participants will be permitted to elect to receive installment payments on an annual or quarterly basis, as well as on a monthly basis.

Second, a TSP participant may change the amount and frequency of his or her installment payments at any time throughout the year. This includes the ability of a participant to make a one-time election to change from installment payments calculated based on life expectancy to fixed dollar installment payments. As is currently the case, once a participant makes an election to receive fixed dollar installment payments, he or she may not switch to life-expectancy-based installment payments.

Third, under the new rules, a TSP participant receiving installment payments may stop these payments at any time without receiving the remainder of his or her account in a final withdrawal.

Finally, a TSP participant receiving installment payments may elect to receive some or all of his or her remaining account balance in the form of a single sum payment, an annuity, or a combination of these options.

Traditional, Roth, or Pro Rata

Under existing rules, all post-separation withdrawals are taken from a participant's traditional and Roth balances on a pro rata basis. Under the proposed rules, a participant would still be permitted to use this method, but would also have the option to take his or her withdrawal only from the Roth balance or only from the traditional balance. If a participant elects to receive installment payments from either his or her Roth balance only or traditional balance only, payments will automatically continue from the non-elected balance once the elected balance has been depleted unless the participant elects to stop or change installment payments.

Spousal Rights

The FRTIB is proposing to update its rules to clarify how spousal rights will apply in light of the new post-separation withdrawal options. Specifically, spousal consent, in the case of a married Federal Employees'

Retirement System (FERS) or uniformed services participant, or spousal notification, in the case of a married Civil Service Retirement System (CSRS) participant, is generally required every time a married participant makes a post-separation withdrawal election in any form other than a joint life annuity with a 50 percent survivor benefit, level payments, and no cash refund. In addition, spousal consent or notification, as appropriate, is required when a married participant elects to change the amount or frequency of his or her installment payments.

In-Service Withdrawals

Age-Based, In-Service Withdrawals

Currently, a TSP participant who is 59½ or older and not separated from federal service may make a one-time election to receive all or part of his account balance in a single sum payment. The FRTIB is proposing to permit participants to take up to four age-based, in-service withdrawals per calendar year. The 30-calendar-day processing period applicable to partial post-separation withdrawals will also apply. For participants with more than one TSP account, these limits apply separately to each account.

Hardship Withdrawals

Currently when a participant takes a hardship withdrawal, his or her TSP contributions are suspended for a period of six months after the withdrawal is processed. After the expiration of the six-month period, the participant may restart contributions by submitting a new TSP contribution election. Contributions are not restarted automatically.

Under the proposed rule, any six-month suspension period in effect will automatically expire on September 15, 2019 and affected participants may restart contributions by submitting a new TSP contribution election. In addition, a participant who takes a hardship withdrawals on or after September 15, 2019 will not have his or her TSP contributions suspended.

Traditional, Roth, or Pro Rata

Under existing rules, all in-service withdrawals are taken from a participant's traditional and Roth balances on a pro rata basis. Under the proposed rules, a participant would still be permitted to use this method, but would also have the option to take his or her withdrawal only from the Roth balance or only from the traditional balance.

Spousal Rights

The FRTIB is proposing to update its rules to clarify how spousal rights will apply in light of the changes to its in-service withdrawal options. Specifically, spousal consent, in the case of a married FERS or uniformed services participant, or spousal notification, in the case of a married CSRS participant, is generally required every time a married participant makes an in-service withdrawal election.

Elimination of Full Withdrawal Election Requirement

Current Rules

Historically, TSP rules required a participant to make an election to begin receiving monthly payments, purchase a life annuity, withdraw his/her account balance in a single payment, or use a combination of these three options (a "Full Withdrawal Election") no later than April 1 of the year following the year in which the participant reaches age 70½ and is separated from federal service (the "Full Withdrawal Deadline"). If a TSP participant failed to make a Full Withdrawal Election by the Full Withdrawal Deadline, the TSP initiated an account abandonment process in the year in which the Full Withdrawal Deadline occurred.

In addition to the TSP's Full Withdrawal Election rules, Internal Revenue Service ("IRS") rules regarding required minimum distributions ("RMDs") apply to TSP participants. Under IRS rules, a TSP participant must receive RMDs beginning on April 1 of the year following the year in which the participant reaches age 70½ and is separated from service (the "Required Beginning Date") and annually thereafter.

As required by the IRS RMD rules, the TSP distributed the first RMD payment to each participant by his/her Required Beginning Date regardless of whether the participant has made a Full Withdrawal Election. However, because the accounts of participants who failed to make a Full Withdrawal Election by the Full Withdrawal Deadline were abandoned later that same year, the TSP did not (and was not required to) make any additional RMD payments to those participants.

Proposed Changes

Effective January 1, 2019, the FRTIB ceased the abandonment of accounts for participants who have reached age 70½ and separated from federal service but have not made Full Withdrawal Elections by the Full Withdrawal

Deadline and is proposing to amend its regulations to reflect this change. Stopping the abandonment process means that participants who otherwise would have had their accounts abandoned in 2019 will no longer be abandoned and will be poised to take advantage of the additional withdrawal options that will be available on September 15, 2019.

As a result of the elimination of the account abandonment process, the FRTIB will automatically distribute IRS RMDs each year to all affected participants, regardless of whether they have made Full Withdrawal Elections.

In addition, the FRTIB is proposing certain non-substantive clarifications to its rules regarding IRS RMDs to beneficiary participants. Beneficiary participants are not subject to the Full Withdrawal Election rules.

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities. This regulation will affect Federal employees, members of the uniformed services who participate in the TSP, and beneficiary participants.

Paperwork Reduction Act

I certify that these regulations do not require additional reporting under the criteria of the Paperwork Reduction Act.

Unfunded Mandates Reform Act of 1995

Pursuant to the Unfunded Mandates Reform Act of 1995, 2 U.S.C. 602, 632, 653, and 1501-1571, the effects of this regulation on state, local, and tribal governments and the private sector have been assessed. This regulation will not compel the expenditure in any one year of \$100 million or more by state, local, and tribal governments, in the aggregate, or by the private sector. Therefore, a statement under 2 U.S.C. 1532 is not required.

List of Subjects

Claims, Government employees, Pensions, Retirement.

5 CFR Part 1650

Alimony, Claims, Government employees, Pensions, Retirement.

5 CFR Part 1651

Claims, Government employees, Pensions, Retirement.

Ravindra Deo,

Executive Director,

Federal Retirement Thrift Investment Board

For the reasons stated in the preamble, the FRTIB proposes to amend 5 CFR Chapter VI as follows:

PART 1650 - METHODS OF WITHDRAWING FUNDS FROM THE THRIFT SAVINGS PLAN

1. The authority citation continues to read as follows:

Authority: 5 U.S.C. 8351, 8432d, 8433, 8434, 8435, 8474 (b) (5) and 8474 (c) (1) .

2. Amend paragraph (b) of § 1650.1 by adding in alphabetical order the definitions of "Required Beginning Date", and "Required Minimum Distribution" to read as follows:

(b)***

Required Beginning Date means April 1 of the year following the year in which the participant reaches 70 ½ years of age or separates from Government service, whichever is later.

Required Minimum Distribution means the amount required to be distributed to a participant beginning on the required beginning date and every year thereafter pursuant to Internal Revenue Code § 401(a)(9) and the regulations promulgated thereunder, as applicable.

3. Amend § 1650.2 by revising paragraphs (a), (b), (f), (g), and (h) to read as follows:

§ 1650.2 Eligibility and general rules for a TSP withdrawal.

(a) A participant who is separated from Government service can elect to withdraw all or a portion of his or her account balance by one or a combination of the withdrawal methods described in subpart B of this part.

(b) A post-employment withdrawal will not be paid unless TSP records indicate that the participant is separated from Government service. The TSP will, when possible, cancel a pending post-employment withdrawal election upon receiving information from an employing agency that a participant is no longer separated.

* * * * *

(f) A participant can elect to have any portion of a single or installment payment that is not transferred to an

eligible employer plan, traditional IRA, or Roth IRA deposited directly, by electronic funds transfer (EFT), into a savings or checking account at a financial institution in the United States.

(g) If a participant has a civilian TSP account and a uniformed services TSP account, the rules in this part apply to each account separately. For example, the participant is eligible to make four age-based in-service withdrawals from the civilian account **and** four age-based in-service withdrawals from the uniformed services account per calendar year. A separate withdrawal request must be made for each account.

(h) A participant may elect to have his or her withdrawal distributed from the participant's traditional balance only, Roth balance only, or pro rata from the participant's traditional and Roth balances. Any distribution from the traditional balance will be prorated between the tax-deferred balance and any tax-exempt balance. Any distribution from the Roth balance will be prorated between contributions in the Roth balance and earnings in the Roth balance. In addition, all withdrawals will be distributed pro rata from all TSP Funds in which

the participant's account is invested. All prorated amounts will be based on the balances in each TSP Fund or source of contributions on the day the withdrawal is processed.

4. Amend § 1650.11 by revising paragraphs (a) and (c) and by adding paragraph (d) to read as follows:

§ 1650.11 Withdrawal elections.

(a) Subject to the restrictions in this subpart, participants may elect to withdraw all or a portion of their TSP accounts in a single payment, a series of installment payments, a life annuity, or any combination of these options.

* * * * *

(c) Provided that the participant has not submitted a post-employment withdrawal election prior to the date the automatic payment is processed, if a participant's vested account balance is less than \$200 when he or she separates from Government service, the TSP will automatically pay the balance in a single payment to the participant at his or her TSP address of record. The participant will not be eligible for any other payment option or be allowed to remain in the TSP.

(d) Only one post-employment withdrawal election per account will be processed in any 30-calendar-day period.

5. Revise § 1650.12 to read as follows:

§ 1650.12 Single payment.

Provided that, in the case of a partial withdrawal, the amount elected is not less than \$1,000, a participant can elect to withdraw all or a portion of his or her account balance in a single payment.

6. Revise § 1650.13 to read as follows:

§ 1650.13 Installment payments.

(a) A participant can elect to withdraw all or a portion of the account balance in a series of substantially equal installment payments, to be paid on a monthly, quarterly, or annual basis in one of the following manners:

(1) *A specific dollar amount.* The amount elected must be at least \$25 per installment; if the amount elected is less than \$25 per installment, the request will be rejected. Payments will be made in the amount requested each installment period.

(2) *An installment payment amount calculated based on life expectancy.* Payments based on life expectancy are determined using the factors set forth in the Internal Revenue Service life expectancy tables codified at 26 CFR 1.401(a)(9)-9, Q&A 1 and 2. The installment payment amount is calculated by dividing the account balance by the factor

from the IRS life expectancy tables based upon the participant's age as of his or her birthday in the year payments are to begin. This amount is then divided by the number of installment payments to be made per calendar year to yield the installment payment amount. In subsequent years, the installment payment amount is recalculated each January by dividing the prior December 31 account balance by the factor in the IRS life expectancy tables based upon the participant's age as of his or her birthday in the year payments will be made. There is no minimum amount for an installment payment calculated based on this method.

(b) A participant receiving installment payments calculated based upon life expectancy can make one election, at any time, to change to a fixed dollar installment payment. A participant can change the amount of his or her fixed payments at any time as described in § 1650.17(c). A participant who is receiving installment payments based on a fixed dollar amount, however, cannot elect to change to an amount calculated based on life expectancy.

(c) If a participant elects to receive installments pro rata from his or her traditional and Roth balances,

installment payments will be made until the participant's entire account balance is expended, unless the participant elects to change or stop installment payments as described in in § 1650.17(c). If a participant elects to receive installment payments from his or her traditional balance only or Roth balance only, installment payments will automatically continue from the non-elected balance once the elected balance has been expended, unless the participant elects to change or stop installment payments as described in § 1650.17(c).

(d) A participant receiving installment payments, regardless of the calculation method, can elect at any time to receive the remainder or part of his or her account balance in a single payment.

(e) A participant may only have one installment payment series in place at a time.

(f) A participant receiving installment payments may change the investment of his or her account balance among the TSP investment funds as provided in 5 CFR part 1601.

(g) Upon receiving information from an employing agency that a participant receiving installment payments is no longer separated, the TSP will cancel all pending and

future installment payments.

7. Amend § 1650.14 by revising paragraphs (a) and (b), removing paragraph (c), re-designating paragraphs (d) through (l) as paragraphs (c) through (k), and revising newly re-designated paragraphs (c), (d), and (h) to read as follows:

§ 1650.14 Annuities.

(a) A participant electing a post-employment withdrawal can use all or a portion of his or her total account balance, traditional balance only, or Roth balance only to purchase a life annuity.

(b) If a participant has a traditional balance and a Roth balance and elects to use all or a portion of his or her total account balance to purchase a life annuity, the TSP must purchase two separate annuity contracts for the participant: one from the portion of the withdrawal distributed from his or her traditional balance and one from the portion of the withdrawal distributed from his or her Roth balance.

(c) A participant cannot elect to purchase an annuity contract with less than \$3,500.

(d) Unless an amount must be paid directly to the

participant to satisfy any applicable minimum distribution requirement of the Internal Revenue Code, the TSP will purchase the annuity contract(s) from the TSP's annuity vendor using the participant's entire account balance or the portion specified. In the event that a minimum distribution is required by section 401(a)(9) of the Internal Revenue Code before the date of the first annuity payment, the TSP will compute that amount prior to purchasing the annuity contract(s), and pay it directly to the participant.

* * * * *

(h) For each withdrawal election in which the participant elects to purchase an annuity with some or all of the amount withdrawn, if the TSP must purchase two annuity contracts, the type of annuity, the annuity features, and the joint annuitant (if applicable) selected by the participant will apply to both annuities purchased. For each withdrawal election, a participant cannot elect more than one type of annuity by which to receive a withdrawal, or portion thereof, from any one account.

§ 1650.15 [Removed]

8. Remove § 1650.15.

9. Revise § 1650.16 to read as follows:

§ 1650.16 Required minimum distributions.

(a) A separated participant must receive required minimum distributions from his or her account commencing no later than the required beginning date and, for each year thereafter, no later than December 31.

(b) A separated participant may elect to withdraw from his or her account or to begin receiving payments before the required beginning date, but is not required to do so.

(c) In the event that a separated participant does not withdraw from his or her account an amount sufficient to satisfy his or her required minimum distribution for the year, the TSP will automatically distribute the necessary amount on or before the applicable date described in paragraph (a) of this section.

(d) The TSP will disburse required minimum distributions described in paragraph (c) of this section pro rata from the participant's traditional balance and the participant's Roth balance.

(e) The rules set forth in paragraphs (a) through (d) of this section shall apply to a separated participant who reclaims an account balance that was declared abandoned.

10. Amend § 1650.17 by revising paragraphs (a) and (c) to read as follows:

§ 1650.17 Changes and cancellation of a withdrawal request.

(a) *Before processing.* A pending withdrawal request can be cancelled if the cancellation is received and can be processed before the TSP processes the withdrawal request. However, the TSP processes withdrawal requests each business day and those that are entered into the record keeping system by 12:00 noon eastern time will ordinarily be processed that night; those entered after 12:00 noon eastern time will be processed the next business day. Consequently, a cancellation request must be received and entered into the system before the cut-off for the day the withdrawal request is submitted for processing in order to be effective to cancel the withdrawal.

* * * * *

(c) *Change in installment payments.* If a participant is receiving a series of installment payments, with appropriate supporting documentation as required by the TSP record keeper, the participant can change at any time: the payment amount or frequency (including stopping installment payments), the address to which the payments are mailed,

the amount of federal tax withholding, whether or not a payment will be transferred (if permitted) and the portion to be transferred, the method by which direct payments to the participant are being sent (EFT or check), the identity of the financial institution to which payments are transferred or sent by EFT, or the identity of the EFT account.

11. Revise § 1650.21 to read as follows:

§ 1650.21 Information provided by employing agency or service.

When a TSP participant separates from Government service, his or her employing agency or service must report the separation and the date of separation to the TSP record keeper. Until the TSP record keeper receives this information from the employing agency or service, it will not pay a post-employment withdrawal.

12. Revise § 1650.23 to read as follows:

§ 1650.23 Accounts of less than \$200.

Upon receiving information from the employing agency that a participant has been separated for more than 31 days and that any outstanding loans have been closed, provided the participant has not made a withdrawal election before

the distribution is processed, if the account balance is \$5.00 or more but less than \$200, the TSP record keeper will automatically distribute the entire amount of his or her account balance. The TSP will not pay this amount by EFT. The participant may not elect to leave this amount in the TSP, nor will the TSP transfer any automatically distributed amount to an eligible employer plan, traditional IRA, or Roth IRA. However, the participant may elect to roll over this payment into an eligible employer plan, traditional IRA, or Roth IRA to the extent the roll over is permitted by the Internal Revenue Code.

13. Revise § 1650.24 to read as follows:

§ 1650.24 How to obtain a post-employment withdrawal.

To request a post-employment withdrawal, a participant must use the TSP Web site to initiate a request or submit to the TSP record keeper a properly completed paper TSP post-employment withdrawal request form.

14. Amend § 1650.25 by revising paragraph (a) to read as follows:

§ 1650.25 Transfers from the TSP.

(a) The TSP will, at the participant's election, transfer all or any portion of an eligible rollover

distribution (as defined by section 402(c)(4) of the Internal Revenue Code) directly to an eligible employer plan or an IRA.

* * * * *

15. Amend § 1650.31 by removing paragraph (d) and revising paragraphs (a) and (c) to read as follows:

§ 1650.31 Age-based withdrawals.

(a) A participant who has reached age $59\frac{1}{2}$ and who has not separated from Government service is eligible to withdraw all or a portion of his or her vested TSP account balance in a single payment. Unless the withdrawal request is for the entire vested account balance, the entire vested traditional balance, or the entire vested Roth balance, the amount of an age-based withdrawal request must be at least \$1,000.

* * * * *

(c) A participant is permitted four age-based withdrawals per calendar year for an account. Only one age-based withdrawal election per account will be processed in any 30-calendar-day-period.

16. Revise § 1650.33 to read as follows:

§ 1650.33 Contributing to the TSP after an in-service

withdrawal.

(a) *Age-Based In-Service Withdrawals.* A participant's TSP contribution election will not be affected by an age-based in-service withdrawal; therefore, his or her TSP contributions will continue without interruption.

(b) *Financial Hardship In-Service Withdrawals.* (1) A participant who obtains a financial hardship in-service withdrawal prior to September 15, 2019, may not contribute to the TSP until the earlier of:

(i) The end of the six-month period after the withdrawal is processed, or

(ii) September 15, 2019.

(2) Therefore, the participant's employing agency will discontinue his or her contributions (and any applicable Agency Matching Contributions) for the applicable period after the agency is notified by the TSP; in the case of a FERS or BRS participant, Agency Automatic (1%) Contributions will continue. A participant whose TSP contributions are discontinued by his or her agency after a financial hardship withdrawal can resume contributions any time after expiration of the applicable period by submitting a new TSP contribution election. Contributions

will not resume automatically.

(3) A participant's TSP contribution election will not be affected by a financial hardship in-service withdrawal obtained on or after September 15, 2019; therefore, his or her TSP contributions will continue without interruption.

17. Revise § 1650.41 to read as follows:

§ 1650.41 How to obtain an age-based withdrawal.

To request an age-based withdrawal, a participant must use the TSP Web site to initiate a request or submit to the TSP record keeper a properly completed paper TSP age-based withdrawal request form.

18. Amend § 1650.42 by revising paragraph (a) to read as follows:

§ 1650.42 How to obtain a hardship withdrawal.

(a) To request a financial hardship withdrawal, a participant must use the TSP Web site to initiate a request or submit to the TSP record keeper a properly completed paper TSP hardship withdrawal request form.

* * * * *

19. Revise § 1650.61 to read in its entirety as follows:

§ 1650.61 Spousal rights applicable to post-employment

withdrawals

(a) The spousal rights described in this section apply to total post-employment withdrawals when the married participant's vested TSP account balance exceeds \$3,500, to partial post-employment withdrawals without regard to the amount of the participant's account balance, and to any change in the amount or frequency of an existing installment payment series, including a change from payments calculated based on life expectancy to payments based on a fixed dollar amount.

(b) Unless the participant was granted an exception under this subpart to the spousal notification requirement within 90 days of the date the withdrawal request is processed by the TSP, the spouse of a CSRS participant is entitled to notice when the participant applies for a post-employment withdrawal or makes a change to the amount or frequency of an existing installment payment series. The participant must provide the TSP record keeper with the spouse's correct address. The TSP record keeper will send the required notice by first class mail to the spouse at the most recent address provided by the participant.

(c) The spouse of a FERS or uniformed services

participant has a right to a joint and survivor annuity with a 50 percent survivor benefit, level payments, and no cash refund based on the participant's entire account balance when the participant elects a total post-employment withdrawal.

(1) The participant may make a different total withdrawal election only if his or her spouse consents to that election and waives the right to this annuity.

(2) A participant's spouse must consent to any partial withdrawal election (other than an election to purchase this type of an annuity with such amount) and waive his or her right to this annuity with respect the amount withdrawn.

(3) A spouse must consent to any change in the amount or frequency of an existing installment payment series and waive his or her right to this annuity with respect to the applicable amount. Spousal consent is not required to stop installment payments.

(4) Unless the TSP granted the participant an exception under this subpart to the spousal notification requirement within 90 days of the date the withdrawal form is processed by the TSP, to show that the spouse has

consented to a different total or partial withdrawal election or installment payment change and waived the right to this annuity with respect to the applicable amount, the participant must submit to the TSP record keeper a properly completed withdrawal request form, signed by his or her spouse in the presence of a notary. If the TSP granted the participant an exception to the signature requirement, the participant should enclose a copy of the TSP's approval letter with the withdrawal form.

(5) The spouse's consent and waiver is irrevocable for the applicable withdrawal or installment payment change once the TSP record keeper has received it.

20. Amend § 1650.62 by revising paragraphs (b) and (c) to read as follows:

§ 1650.62 Spousal rights applicable to in-service withdrawals.

* * * * *

(b) Unless the participant was granted an exception under this subpart to the spousal notification requirement within 90 days of the date on which the withdrawal request is processed by the TSP, the spouse of a CSRS participant is entitled to notice when the participant applies for an

in-service withdrawal. If the TSP granted the participant an exception to the notice requirement, the participant should enclose a copy of the TSP's approval letter with the withdrawal form. The participant must provide the TSP record keeper with the spouse's correct address. The TSP record keeper will send the required notice by first class mail to the spouse at the most recent address provided by the participant.

(c) Unless the participant was granted an exception under this subpart to the signature requirement within 90 days of the date the withdrawal form is processed by the TSP, before obtaining an in-service withdrawal, a participant who is covered by FERS or who is a member of the uniformed services must obtain the consent of his or her spouse and waiver of the spouse's right to a joint and survivor annuity described in § 1650.61(c) with respect to the applicable amount. To show the spouse's consent and waiver, a participant must submit to the TSP record keeper a properly completed withdrawal request form, signed by his or her spouse in the presence of a notary. Once a form containing the spouse's consent and waiver has been submitted to the TSP record keeper, the spouse's consent is

irrevocable for that withdrawal.

PART 1651 - DEATH BENEFITS

21. The authority citation continues to read as follows:

Authority: 5 U.S.C. 8424(d), 8432d, 8432(j), 8433(e), 8435(c)(2), 8474(b)(5) and 8474(c)(1).

22. Amend paragraph (b) of § 1651.1 by adding in alphabetical order the definitions of "Required Beginning Date", and "Required Minimum Distribution" to read as follows:

a. *Required Beginning Date* means

(1) The end of the calendar year immediately following the calendar year in which the participant died, or

(2) The end of the calendar year in which the participant would have attained age $70\frac{1}{2}$, whichever is later.

b. *Required Minimum Distribution* means the amount required to be distributed to a beneficiary participant beginning on the required beginning date and every year thereafter pursuant to Internal Revenue Code Section 401(a)(9) and the regulations promulgated thereunder, as applicable.

23. Amend § 1651.19 by revising paragraph (c) to read as follows:

§ 1651.19 Beneficiary participant accounts .

* * * * *

(c) *Required minimum distributions.* (1) A beneficiary participant must receive required minimum distributions from his or her beneficiary participant account commencing no later than the required beginning date and, for each year thereafter, no later than December 31.

(2) A beneficiary participant may elect to withdraw from his or her account or to begin receiving payments before the required beginning date, but is not required to do so.

(3) In the event that a beneficiary participant does not withdraw from his or her beneficiary participant account an amount sufficient to satisfy his or her required minimum distribution for the year, the TSP will automatically distribute the necessary amount on or before the applicable date described in paragraph (1) of this section.

(4) The TSP will disburse required minimum distributions described in paragraph (3) of this section

pro rata from the beneficiary participant's traditional balance and the beneficiary participant's Roth balance.

* * * * *

[FR Doc. 2019-11789 Filed: 6/7/2019 8:45 am; Publication Date: 6/10/2019]